UMKHANDLU WASEKHAYA
IMPENDLE
LOCAL MUNICIPALITY

2010/11 BUDGET

27 MAY 2010

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1. MAYORAL SPEECH

Introduction

Since our election into office in March 2006 our municipality has gone through major challenges both at a political and administrative level. It is history now that the challenges escalated to the level where the Provincial Executive resolved to intervene in our affairs in terms of s139 of the constitution. It is also history now that the intervention in terms s139 has been lifted. It is commonly acknowledged that the intervention assisted the municipality to move towards the attainment of the objects of local government as enshrined in the constitution.

I am delighted that through hard work and dedication on the part of council members, management, staff and provincial authorities Impendle Local municipality is able to table a balanced budget and on time. Notwithstanding, it has to be acknowledged that this budget is tight. It is vulnerable to slight market changes such as fuel increases, salary and other increases.

Public Participation

Council members will know and have to acknowledge the fact that for the first time the municipality succeeded in conducting extensive and successful IDP & Budget consultation meetings throughout the municipal area during the 2008/2009 Financial Year. This year we have to intensify our efforts and extend participation to farm communities and those in remote areas as promised in the previous budget and IDP process. Already we've had consultative meetings with farm owners on property rates as well as the IDP. The budget and tariffs will be advertised widely in the press, the website and on our notice boards. The active involvement of our ward committees in the public participation process last year was commendable. This year we have to intensify the involvement of ward committees in the budget and IDP processes as this would continue to entrench participatory democracy in our communities.

Operating Revenue and Expenditure

The bulk of the operating revenue of the municipality is derived from the equitable share allocation as well as conditional grants from both national and provincial governments. The total operating expenditure proposed for Impendle Local Municipality for the 2010/2011 is R 25 156 380 which is 78% of the total budget of the municipality.

The following are the main operating expenditure areas:

- Employee and Councillor Remuneration - R 11 793 138
- General Expenses – R 12 010 813
- Repairs and Maintenance – R 1 352 430

Apart from staff costs our operating budget focuses on the implementation of the Municipal Property Rates, Provision for depreciation, Loan Repayment, Free Basic Electricity, Electrification project, Local Economic Development, Sport, Programs for the elderly, children, youth, the disabled as well as those infected or affected by HIV & AIDS.

Capital Revenue and Expenditure

The bulk of the capital revenue of the municipality is derived from the Municipal Infrastructure Grant allocation. The allocation for the 2010/2011 financial year is R 7 376 000(less PMU of R368 800) which is equal to total Capital Budget for 2010/2011 since there will be no assets or capital expenditure to be funded from internal funds this year.

The following are capital expenditure areas:

- Community and Social Services – R 3 000 000
- Roads – R 4 007 200

Conclusion

In conclusion I wish to state that this Budget Speech represents as an Executive Summary of our municipality's 2009/2010 to 2011/2012 Financial Years Budget and captures only key factors. Details are distributed with the Budget Report and it is presumed that all members of this Council have acquainted themselves with details thereof.

On behalf of the people of Impendle, I move that the Budget of Impendle Local Municipality for the year 2010/2011 Financial Year and the indicative budget for 2011/2012 and 2012/2013 Financial Years be accepted as tabled.

I thank you

2. VISION AND MISSION STATEMENT

2.1 Vision

By the year 2017, the Impendle Municipality would have provided the majority of the people and households in Impendle with sustainable access to their social and economical development needs and basic services in a fully integrated manner and within a safe and healthy environment.

2.2 Mission

Through the integrated development plan and the Batho Pele principles Impendle Municipality will strive for the realisation of the Council vision.

3. COUNCIL MEMBERS

3.1 The municipality is of the type that does not have an Executive Committee. The Council consists of 7 members

- HW Cllr SM Makhaye Speaker/Mayor
- Cllr MM Cekwane
- Cllr SD Ndlela
- Cllr EB Madlala
- Cllr TR Mncube
- Cllr M Dlamini
- Cllr CD Gwala

4. MANAGEMENT COMMITTEE

- Mr B S Duma - Acting Municipal Manager
- Mr SG Ngcobo- Manager Corporate and Community Services
- Mr J Mumford - Manager Infrastructure and Planning Services
- Mr T S Khwela – Manager Financial Services (Chief Financial Officer)

5. PROCESS FOLLOWED

- Council adopted budget process plan in August 2009
- Council approved adjusted budget in January 2010 and again in June 2010.
- The Mayor established a Budget Steering Committee in terms of section 4 chapter 2 of Government Gazette No. 31804
- Management and Mayor met to compile this draft budget.

6. BUDGET APPROACH

- The anticipated 2009/10 Surplus of R 1 422 974 was made available to balance the 2010/11 budget.
- GFS/Standard Classification was acknowledged in the process.
- Powers and functions were used as a guiding tool
- Tariff of charges was escalated by 5.7% on average
- Company contribution on medical aid was calculated on SALGA's collective agreement where 60% of employee's monthly premium for medical aid is cost to employer (SAMWU MED scheme price list was used as a bases for calculating

budgeted figures for cost of medical allowance granted to staff members in terms of conditions of employment Act)

- Operating expenditure budget for 2010/11 was drawn up based on 5.7% incremental percentage used on computation of annual budget for current year's anticipated income & expenditure and the capital budget was drawn up on zero based budgeting. Staff salaries were increased by 8.48% following the directive from Bargaining Council.

7. FOCUS AREAS

The budget focuses on the following priorities as identified in the IDP:

- Implementation of Municipal Property Rates Act
- Upgrading or construction of Access Roads
- Improvement of Public participation
- Support for Local Economic Development initiatives
- Provision of Free Basic Services
- Development of Human Capital (internally within the municipality and externally in partnership with the Dept of Education and other relevant Stakeholders)
- Upgrading of information and communication systems (internally in the municipality and externally through service providers)
- Electrification of Mahlutshini

8. EXECUTIVE SUMMARY OF A BALANCED BAUDGET FOR TWO CONSECUTIVE YEARS.

	2009/10	**2010/11**
INCOME		
Unspent grant received from previous years	5,982,880	0
Equitable Share Grant	13,468,000	16 386 000
Capital Reserve Fund	0	1 008 418
Conditional Grants	8,789,686	11 001 000
Property Rates	1,345,115	1 629 932
Refuse Removal	59,680	63 082
Interest on investments	315,000	300 000
Miscellaneous income	1,190,775	352,176
Contribution from surplus of preceding year	2,125,584	1 422 974
	33,276,720	**32,163,582**
EXPENDITURE		
Salaries and Allowances	8,335,553	11,793,138
General Expenses	13,347,737	12, 010, 814
Repairs and Maintenance	778,932	1 ,352 ,430
Capital Expenditure	10,814,498	7 ,007, 200
	33,276,720	**32,163,582**
Surplus/Deficit	0	0

NB: The total budgeted Operating Expenditure(OPEX) for 2010/11 financial year amount to R25,156,382

9. DoRA ALLOCATIONS FOR 2010/11 FINANCIAL YEAR

Finance Management Act grant-FMG	1,250,000
Municipal System Improvement Grant-MSIG	750,000
Equitable Share-ES	16,386,000
Municipal Infrastructure Grant-MIG	7,376,000
Library	95,000
Capacity	170,000
Electrification	1,360,000
Total	**27,387,000**

10. DRAFT BUDGET RESOLUTIONS

To be attached as an extract from Council Minutes of a meeting held on 28 May 2009

11. TARIFF OF CHARGES

	Unit(s)	2009/10	2010/11
Rates Certificate	Each	R80	85
Graveyards	Grave Site	R60	64
Hall Hire	Hour	R80	85
Refuse	Government Residential Business	R1270pa R340pa R1270pa	1340pa 360pa 1340pa
Thusong Conference Hall Hire	Hour	R100	110
Library copies	Per a4 page	R0.50	0.55
Library-Printing	Per Copy	R2	2.10
Library-Faxing to local	Per Page	R3.5	3.70
Library-Faxing to outside 033 code	Per Page	R5	5.30
Rates-Residential Rates-Farmland Rates-Small Holdings Rates-Industrial Rates-Commercial Rates-Multipurpose Rates-State Owned	Cents	0.04 0.005 0.005 0.05 0.05 0.05 0.05	0.02 0.0025 0.0025 0.02 0.02 0.02 0.005
Tenders	Per Document	R200	200
Billboards	Per Quarter	R340	360
House Rental	Per Month	R500	530
Market stalls	Per stall per month	R85 R90 R110	90 95 120
Taxi Permits	Per taxi per annum	R340	360
TLB Hire	Hour	R480	530
Tractor Hire	Hour	R80	120
Thusong Services Centre rental	Square Meter	R65	70

12. FUNCTIONAL BUDGETS & SDBIP'S

The Service Delivery and Budget Implementation Plan (SDBIP) will be tabled by Mayor at Council meeting to be held in July 2010.

13. ANALYSIS SUPPORTING THE BUDGET

Vote	Budget
Executive and Council Services	R 4 503 814
Planning and Infrastructure Services	R 14 640 964
Corporate and Community Services	R 6 243 134
Financial Services	R 6 775 669
TOTAL	**R 32 163 581**

14. FISCAL OVERVIEW

In order to counter the ever rising inflation rate we have escalated the revenue and expenditure by an average of 5.7% with exception of staff salaries where the Local Government Bargaining Council gave us 8.48% general increase for staff salaries . We have budgeted R 91,919 for to staff re-evaluation cost payable on 1 July 2010.

15. INVESTMENTS

Call accounts were opened from Standard Bank, NED Bank and First National Bank to keep each and every conditional grants separately from primary account of the municipality. All receipts and payments are made from primary account of the municipality.

No	Bank	Account Number
1	Nedbank	03-7881012463-3
2	First National Bank	62248415607
3	Standard Bank	636863476
4	Standard Bank	636863484
5	Standard Bank	636864901
6	Standard Bank	253535751
7	Standard Bank	03-7881012463-4

16. BUDGET & REVENUE RELATED POLICIES AND PROCEDURES

The following policies were reviewed and adopted by Council on 28 May 2009.

- Assets Management Policy
- Credit Control and Debt Collection
- Indigent Policy
- Banking and Investment Policy
- Supply Chain Management Policy
- Tariff Policy
- Subsistence and Travelling
- Budget Policy
- Anti- Corruption
- Petty Cash Policy
- IT Policy
- Accounting policy
- Rates Policy
- Write-Off
- Virement Policy

17. COUNCILLOR SALARIES

Councillor	Annual Package	Cell Phone Allowance	Total Remuneration
Mayor (Makhaye SM)	299694.60	10668.00	310 362.00
Mncube T R	163468.80	10668.00	174 136.80
Dlamini K M	163468.80	10668.00	174 136.80
Gwala C D	163468.80	10668.00	174 136.80
Ndlela	163468.80	10668.00	174 136.80
Cekwana	163468.80	10668.00	174 136.80
Madlala E B	163468.80	10668.00	174 136.80
TOTAL	**1 280 507.40**	**74676.00**	**1 355 183.40**

Councillor's salaries were calculated by estimating 8% escalation calculated from packages obtainable from Notice issued by the Minister of Provincial and Local Government in December 2009.

18. SECTION 57 EMPLOYEES PACKAGES

Position	Annual Package	Cell Phone	Total
Municipal Manager	651 000.00	12000.00	663 000.00
Manager Financial Services (CFO)	477 400.68	9 600.00	487 000.68
Manager Infrastructure & Planning	477 400.68	9 600.00	487 000.68
Manager Corporate & Community	477 400.68	9 600.00	487 000.68
Total	**2 083 202.04**	**40 800**	**2 124 002.04**

Sec 57 employee salaries were calculated by estimating 8.48% escalation calculated from current packages.

19. NATIONAL REPORTING FORMS TO SUPPORT THE BUDGET

Circular 51 forms are all attached herewith.

20. WAY FORWARD

The municipality has to intensively embark on a program to improve its revenue. At present the municipality is largely funded by grants received from Provincial & National transfers. The implementation of the Municipal Property Rates Act may in the medium term improve the position of the municipality.

21. CLOSURE

Impendle Local Municipality has critical resource constraints which if not addressed in the short term may lead to further strain in the administration of the municipality.

I thank you

22. ANNEXURES

Item Number	Item
1	Budget Analysis with Mayoral Speech
2	Circular 51 budget templates
3	Budget related Council Resolutions
4	Approved 2010/11 IDP
5	Finance Policies